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FLOOR DEBATE

February 12, 2003 LB 53

SPEAKER BROMM: Senator Raikes to open on the committee amendments to LB 53.

SENATOR RAIKES: Thank you, Mr. Speaker, members of the Legislature. The committee amendment addresses one aspect of the bill. Without the committee amendment, the measure would not allow the merged ESUs to benefit from potential increases in core service funding or share in reductions in core service fundings. Specifically, it would provide that for two years the merged ESU would...the merged ESU, yes, would receive at least as much in core service funding as the component ESUs received in the year prior to the merger, unless the appropriation for core service funds is less than the appropriation for the year prior to the merger. If the appropriation for core service is less, then core service funds would be reduced by the same percentage as the percentage reduction in the appropriation. To try to explain that a little bit further, I think Senator Smith outlined the problem appropriately. The funding...funding for ESUs is...begins with an appropriation by the Legislature for a total amount to be funded. That money then is distributed among ESUs. And they use a funding formula, which makes good sense, that provides that each ESU receives a certain minimum or base amount. If there is additional money beyond that amount for core services, that is distributed on a per student basis, so that it is basically a distribution on a per student basis, provided that every ESU receives a certain amount of money. Right now, I think that base amount of money is about \$250,000 a year. It's a solid idea as far as a funding formula, because it recognizes that there are certain costs of just opening the doors. There are certain sort of costs that, regardless of the number of students you serve, you have to incur. The difficulty is, when you have a funding formula like that, which is a sensible formula on its own, as Senator Smith points out, there is a disincentive for any sort of a merger. Because if you merge, you have two ESUs, say, that had a \$250,000 base funding each. So that's \$500,000 for the two. If they go together without Senator Smith's bill, then the combined ESU would only have a \$250,000 base. They would stand to lose funding as a result of their merger. So what this would do is provide that the merged ESU is held harmless, so to speak, for two years.